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SUBJECT: THE TWO WORLDS OF MIDDLE EARTH: NEW ZEALAND'S
STRATEGIC POLICIES

REF: A) WELLINGTON 0234 B) WELLINGTON 0233 C)

WELLINGTON 0157 D) 04 WELLINGTON 0470 E) 04
WELLINGTON 0173

Classified By: Ambassador Charles J. Swindells; reasons 1.5 (B and D)

1. (S/NF) Summary: Foreign and defense policies in New Zealand are the product of an internal debate between two worlds. The first world -- most military, intelligence, foreign affairs and business professionals, and a handful of politicians -- values its relationship with the United States and still sees New Zealand as a U.S. ally. The other world -- most politicians, media, academics and much of the public -- views the United States with suspicion or hostility and sees New Zealand as non-aligned. These worlds meet in the person of Prime Minister Clark, who alone controls the defense and intelligence portfolios within cabinet, and who can always call on the "other-worlders" in the Labour caucus to rein in her long-time rival, Foreign Minister Goff. This matters to the United States, because the Prime Minister uses military and intelligence cooperation with the U.S. -- and high-level visits in particular -- to give the illusion in some circles in Washington that New Zealand is still an ally, while maintaining as much as possible New Zealand's non-aligned policies and the PM's anti-American image at home. Post's ability to bridge the gap between these two worlds and effect needed policy changes requires a clear, consistent message both here and in Washington of USG interests and priorities. End Summary.

2. (SBU/NF) Since New Zealand left ANZUS in 1987, its foreign and defense policies have been formed by an internal debate between two worlds. The first includes most military, intelligence and foreign affairs professionals, and a few politicians. This world understands that New Zealand can be greatly affected by events outside the South Pacific and therefore must help shape events despite its small size and geographic isolation. This world recognizes that as a small country New Zealand cannot by itself impact world events, and sees the United States as the greatest source of global stability and positive change. By extension, even though this world may disagree with the United States on specific policies, it still sees New Zealand as a U.S. ally, and is eager to play a role, however small, supporting us around the globe. Washington policy makers deal almost exclusively with first-world New Zealand.

3. (C/NF) The other world -- made up of most politicians, the media, academics, non-governmental organizations and a slight majority of the public -- also believes that New Zealand's small size means its own actions cannot by themselves effect international change. But this world sees the United States as a source of global corruption and instability: a bully, inimical toward small nations (and toward New Zealand in particular, because of its "heroic" defiance over the nuclear issue). It views any cooperation with the United States with suspicion or outright hostility. The other-worlders believe that New Zealand's small size, geographic isolation and "internationalist" foreign policy protect it from harm. U.S. officials are seldom exposed to the other New Zealand except through Embassy reporting, though occasionally meetings lift the veil, as when Minister for Disarmament and Non-Proliferation Marian Hobbs indicated to U.S. Ambassador to the Conference on Disarmament Jackie Sanders that elimination of all U.S. nuclear arms was as important to world security as was blocking Iran's nuclear program (Ref B).

4. (S/NF) These two worlds meet in the person of Prime Minister Helen Clark. The Prime Minister holds the intelligence portfolio, and provides extremely limited briefings to her cabinet colleagues on the extent to which New Zealand cooperates with the United States in this area. Senior Foreign Affairs and Defence colleagues (strictly protect) tell us only Foreign Minister Goff, Finance Minister Cullen and (possibly) Economic Development Minister Anderton have any inkling of U.S.-New Zealand joint intelligence activities. The Prime Minister also runs defense policy. She appointed a loyal, self-professed "peacenik," Mark Burton, as Defence Minister. Burton, who devotes most of his time to his other ministerial portfolio, Tourism, defers all decisions on defense matters to the Prime Minister. The PM

Clark's control over foreign policy is less absolute, but she occasionally outflanks Foreign Minister Goff on the left by stirring up her largely other-world Labour Party Caucus.

15. (C/NF) New Zealand's absence from the Coalition in Iraq is a good example. We are told that Foreign Minister Goff, while not a strong supporter of the Coalition, worried that New Zealand's absence would have significant economic and political ramifications. (Comment: Goff also has an Amciti nephew serving in Iraq and another soon to graduate from West Point. End Comment.) PM Clark stoked anti-American sentiment in the Caucus, leaving Goff isolated in Cabinet discussion of New Zealand's participation. Senior MOD officials (strictly protect) tell us it was not until Finance Minister Michael Cullen pointed out in a subsequent Cabinet meeting that New Zealand's absence from Iraq might cost NZ dairy conglomerate Fonterra the lucrative dairy supply contract it enjoyed under the UN Oil for Food program, that the PM found a face-saving compromise and sent combat engineers in a non-combat role to Basra, where they were embedded with British forces. By then, however, the PM had so stirred up anti-war sentiment that she had to expend a lot of political capital to get Caucus and Cabinet support for this time-limited deployment. The PM deftly managed the dust-up, while GoNZ officials quickly cashed in on New Zealand's presence in Iraq, receiving repeated expressions of thanks from senior USG officials (possibly because they had so little else to discuss with visiting NZ dignitaries).

16. (S/NF) Prime Minister Clark's tight control of the bilateral security relationship allows her to play up New Zealand's support for USG objectives to Washington while avoiding significant, potentially controversial policy changes at home, changes that would strengthen the relationship in the long term. This tactic has been an important element of New Zealand's charm offensive in pursuit of a U.S.-NZ Free Trade Agreement (FTA). NZ officials admit in private that they have not come up with compelling economic arguments that would interest the USG in an FTA negotiation, so they are working hard to make the case that New Zealand's "strategic" importance to the U.S. -- the PRT and SAS deployments in Afghanistan, growth in intelligence cooperation, and sending combat engineers to Basra -- merits an FTA. The Prime Minister's meetings with senior USG officials, including flag-rank officers and members of Congress, are carefully scripted to that end, and she has made it very clear that she resents the Ambassador's use of country team pre-briefings to reveal her government's "other world" policies to U.S. visitors (Ref A).

17. (C/NF) But whether New Zealand should or should not have an FTA with the United States is only one issue in a diverse, complex bilateral relationship. The FTA discussion has been useful mainly because it has focused public attention on New Zealand's relationship with the United States and has raised public questions about the country's lack of strategic policy direction. PM Clark's balancing act between New Zealand's two worlds shows how little has been done here since New Zealand left ANZUS to shape an agreed vision of the country's foreign and defense policies. We have been told by senior MOD and NZDF officials (strictly protect) that their efforts to update the badly outdated 1999 Defence White Paper, which underlies military spending priorities through 2009, was rebuffed because the Prime Minister did not want to re-open contentious debate in the Labour Party Caucus on the direction of New Zealand's security policies. The general consensus among the otherworlders that New Zealand's influence is greater working through the United Nations, because of the UN's "moral authority," is too vague to constitute a clear vision for most Kiwis. Further, recent events highlighting UN ineffectiveness and corruption have shaken the faith of New Zealanders in their strict internationalist approach to global issues.

18. (C/NF) Even some otherworld Kiwis, particularly journalists and academics, are beginning to wonder publicly if New Zealand has not cut itself adrift in increasingly dangerous seas. But while the first-world solution to this policy incoherence would be to get rid of New Zealand's anti-nuclear legislation and return to ANZUS, this would be a bitter pill for the otherworlders to swallow. And, of course, a full-court press from the U.S. Embassy on the subject would allow the Clark Government to dismiss our concerns as "U.S. bullying." Still, our first-world contacts continue to encourage us to, in the words of a senior MOD official (strictly protect), "help us get out of the hole we have dug for ourselves." Therefore, we have worked hard to reach beyond our customary first-world contacts with explanations to other-world New Zealand of how the nuclear propulsion ban keeps New Zealand's relationship with the United States (and to a large extent, with Australia) stuck in the Cold War era. We have used media backgrounders and classroom discussions to ask what kind of relationship New Zealand wants with the United States in the future, and what its government might do to convince us that it is serious about a forward-looking security relationship. We have worked with the Australian High Commission and the Japanese Embassy to reiterate our

message that New Zealand cannot continue its current policy drift without consigning itself to irrelevance in the South Pacific, let alone the rest of the world.

19. (S/NF) These and other outreach efforts will have little impact if our message differs from what the Kiwis hear in Washington. Ambassador Swindells requested a reality check of the bilateral relationship (Ref C) to ensure that what we say here is what Washington has agreed we should say. We strongly support the desire of many in Washington to do all we can to help our first-world Kiwi friends, and to benefit from any assistance they can offer us. We also understand that in the short-run, policy success may be judged by how many players we get to the table, though in the long haul, success depends on what they bring to the game. We just want to make sure all of our Washington clients understand that we are being asked by many of our first-world friends to help them help themselves in moving from ideologically motivated, self-congratulatory policies to a clear vision of New Zealand's role in the world and of how our bilateral relationship might move forward, consistent with that vision. Burnett